

Directive 128

**SURPLUS DISTRIBUTIONS BY GROUP
SELF-INSURANCE FUNDS**

April 5, 1995

The responsibility for the regulation of Group Self-Insurance Funds for Worker's Compensation, provided for in Louisiana Revised Statutes Title 23, Sections 1191 through 1194, falls under the Department of Insurance.

Some portions of these funds pay distributions, or dividends, out of the surplus which has accumulated in the fund. It has been brought to my attention that funds are declaring and distributing these surpluses in different ways. In order to clarify the proper method of distributing a surplus, I am issuing this directive.

Therefore, concerning Group Self-Insurance Funds for Worker's Compensation, I hereby order and direct that:

(1) A dividend distribution may only be made for a particular fund year.

(2) No dividend distribution may be made for a fund year unless that fund year has a surplus.

(3) The distribution for a fund year shall be made only to those members who are members of the fund in that fund year, and not to other members.

(4) A reasonable allocation of the distribution shall be made to those members of a fund who are members for a portion of a fund year in which a distribution is made.

(5) Distribution of a dividend shall not be conditioned on continued membership in the fund.

(6) The Commissioner of Insurance must be notified of a proposed dividend distribution at least thirty (30) days prior to the distribution, which notification must be accompanied by a signed statement by the

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actuary and the CPA for the fund confirming that there is a surplus for the fund year for which a distribution will be made.

James H. Brown
COMMISSIONER OF INSURANCE